

Peterborough City Council

Compliance Team Annual Report

2013/2014



Growing the right way for  
a bigger, better  
Peterborough



## Contents

Introduction.....	3
Quantity of Fraud .....	3
Investigations .....	4
Table 1 Types of Investigations 2013-2014 .....	4
Table 2 Types of Investigations 2012-2013 .....	4
Housing Benefit, Council Tax Benefit and Council Tax Support .....	5
Table 3 Benefit Fraud Achievements 2013-2014 .....	5
Table 4 Benefit Fraud Achievements 2012-2013 .....	5
Table 5 Value of Overpayments 2013-2014 .....	6
Table 6 Value of Overpayments 2012-2013 .....	7
Single Fraud Investigation Service.....	7
National Fraud Initiative .....	8
Blue Badges .....	8
Electoral Integrity Initiative.....	8
Other Investigations .....	9
Disciplinary Cases.....	9
Stage 3 Complaint Investigations .....	9
Member Standards Investigations .....	9
Information Governance.....	9
Table 7 Requests received and responded by Compliance Team 2013-2014 .....	10
Table 8 Requests received and responded by Compliance Team 2012-2013 .....	10
Conclusion .....	11

## Introduction

The first purpose of this report is to provide an overview of general and specific fraud issues that are of relevance to Peterborough City Council. Peterborough City Council, in common with all other public bodies, has an ongoing duty to protect the public purse. Given the size and complexity of the council we must view our performance against reasonable standards of materiality. Public sector standards of governance are high and the control systems are effective in minimising the exposure to fraud.

The council has clear anti-fraud procedures and whistle blowing policy in place to ensure that we have a robust response to any allegation raised. The council has a dedicated investigation team which considers all allegations of fraud and financial irregularity and will work with Internal Audit where appropriate. The investigation team's remit also includes the investigations of disciplinary matters, Stage 3 complaints against the council and member standards.

The secondary purpose of this report is to provide the committee with a report on the Freedom of Information and Data Protection functions provided by the Compliance Team.

## Quantity of Fraud

According to the National Fraud Authority, fraud costs the UK public sector more than £20.3 billion and local government more than £2 billion. Each year the Audit Commission's report entitled 'Protecting the Public Purse' sets out its estimate of local authority losses to a variety of fraud.

Type of fraud	Estimated loss (million)
Procurement	£876
Housing/tenancy fraud	£845
Housing Benefit	£350
Payroll	£154
Council Tax discount	£133
Blue Badge	£46
Grants	£35
Pension	£7.1

The Compliance Team is working with Cross Keys Homes, as the city's largest social landlord, and other local authorities in Cambridgeshire to tackle this threat within the city. A fraudulently obtained or misused property affects those in genuine need and

may lead to other frauds being committed against the council. The Audit Commission estimates that the average cost is £18,000 per property. We have already been working with the council’s own Housing Options team to tackle fraudulent applications at the outset.

## Investigations

The below Table 1 shows the types of investigations undertaken during 2013-2014 and Table 2 provides a comparison from 2012-2013.

Table 1 Types of Investigations 2013-2014

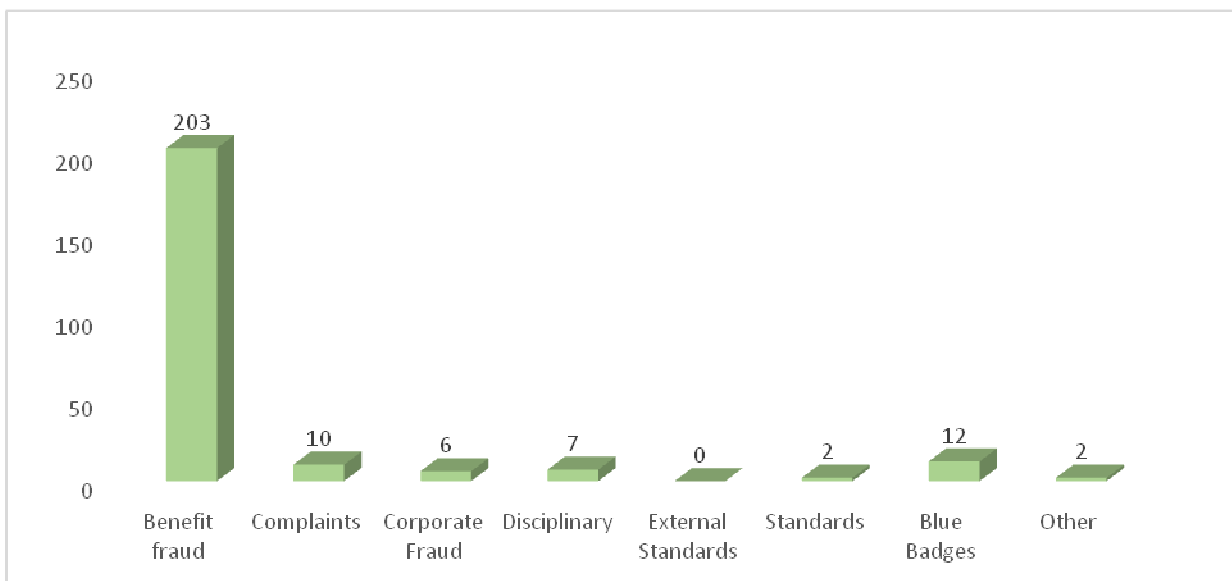
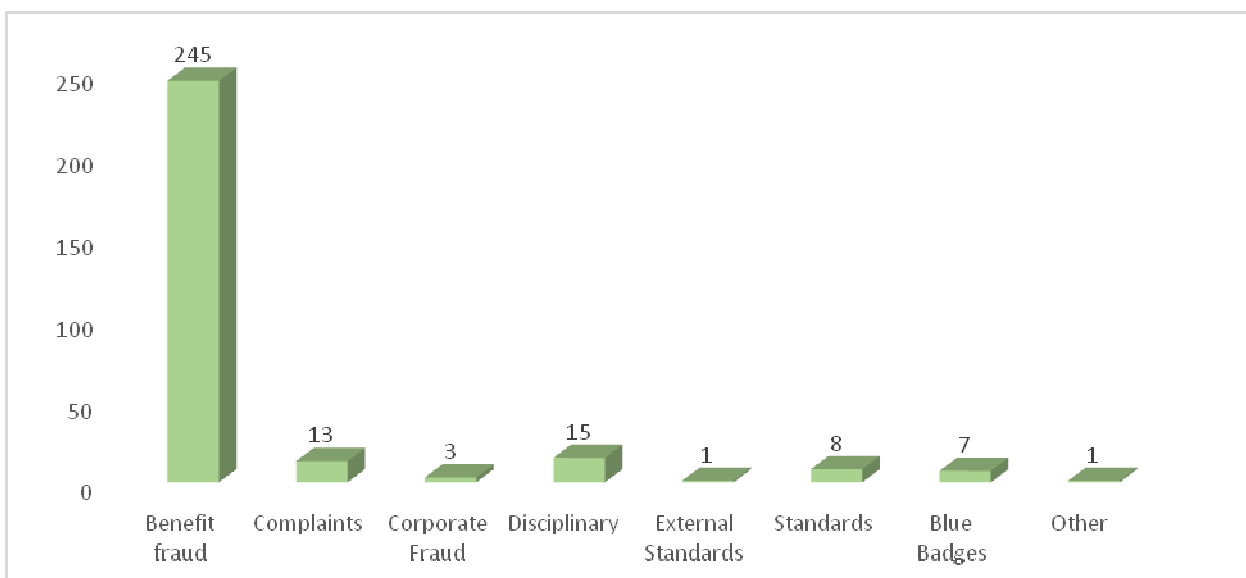


Table 2 Types of Investigations 2012-2013



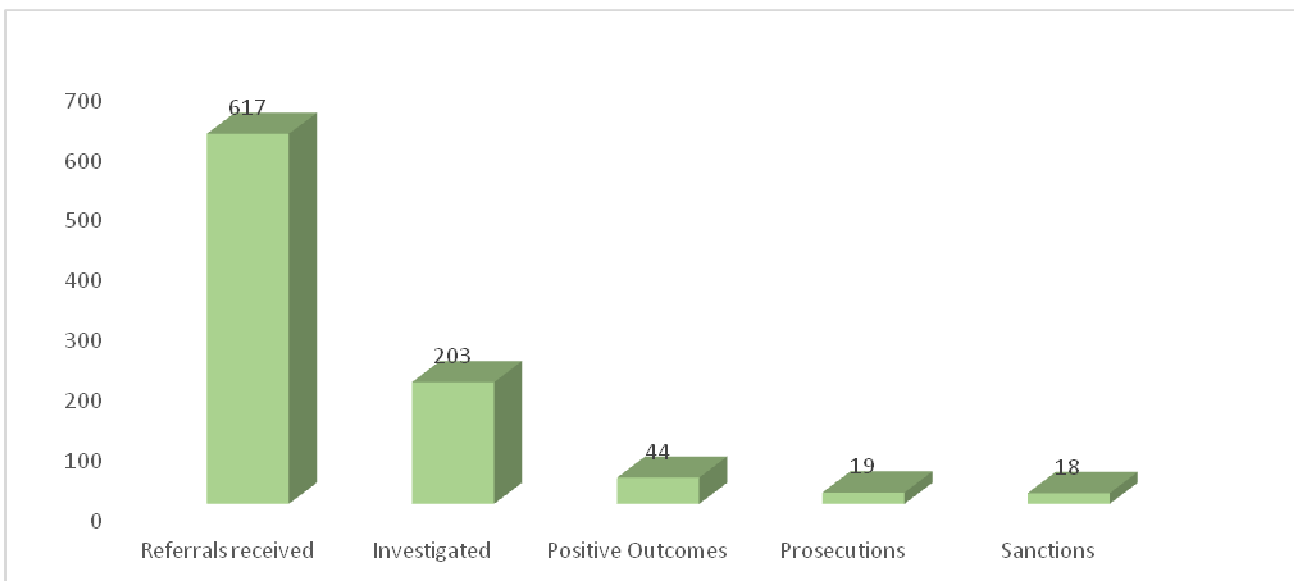
## Housing Benefit, Council Tax Benefit and Council Tax Support

As of 1 April 2013, Council Tax Benefit ceased to exist and was replaced by Council Tax Support schemes. As many of the investigations carried out by the team involved both, the two have not been separated.

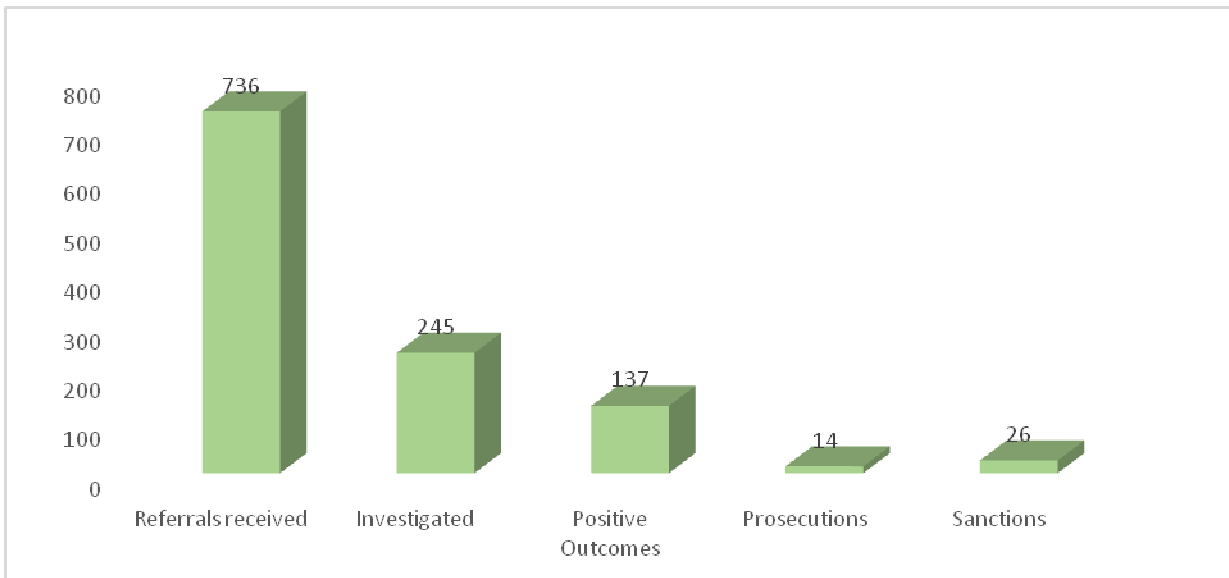
Benefit fraud will always be a risk faced by local authorities owing to the high volumes of payments and complexities of legislation.

The chart below highlights the success of the Compliance Team in 2013-2014:

**Table 3 Benefit Fraud Achievements 2013-2014**



**Table 4 Benefit Fraud Achievements 2012-2013**



The number of referrals has decreased from the previous year however this is in part due to a decrease in the number of data matching referrals received from the Department for Work and Pensions (DWP). The Compliance Team continues to work closely with the Benefits Service to reduce the incidence of fraud and error within the benefits system. We also continue to work with the DWP to conduct joint investigations.

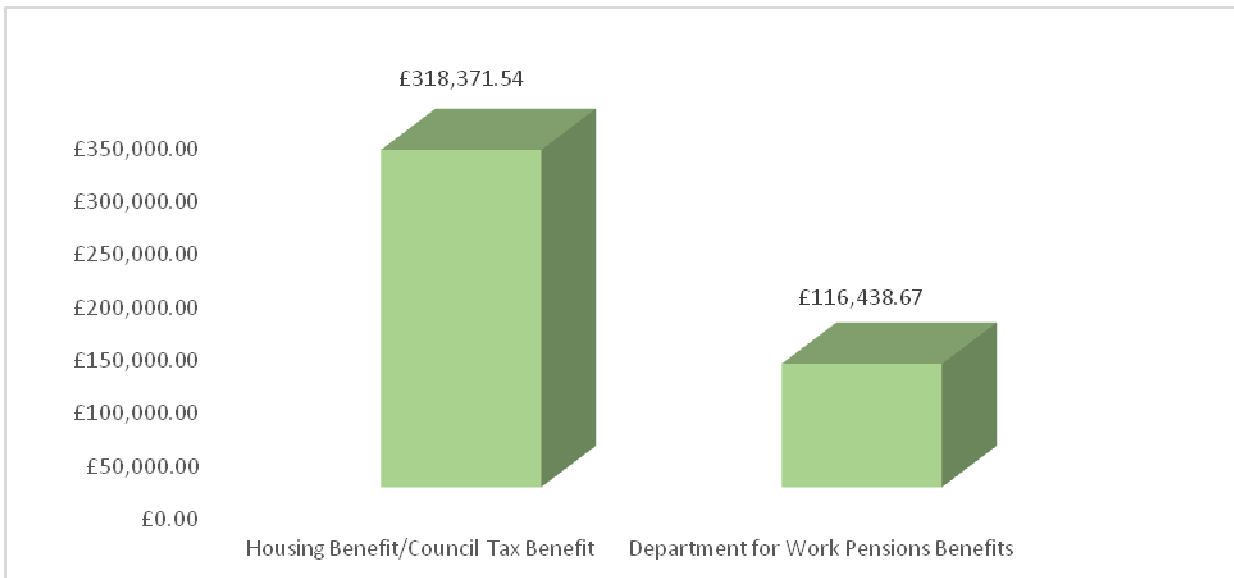
Although we focussed on a lower number of cases we were actually able to identify longer term or higher value benefit fraud matters.

A prosecution is the most visible of all the sanctions available to the team and each prosecution will be publicised. This approach sends out a strong message of assurance to the residents of Peterborough and encourages reports of alleged abuse to be made to the council's fraud hotline and dedicated fraud email address. We continue to apply the appropriate evidential and public interest tests to matter before deciding to prosecute.

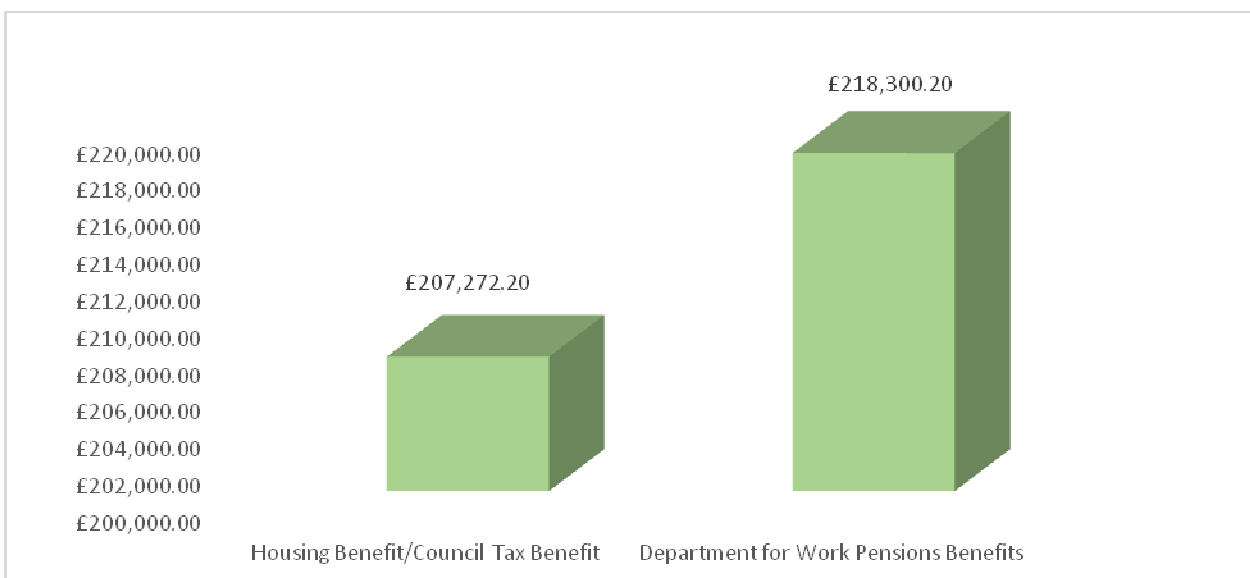
It is important to note that any referrals that do not qualify for investigation after the risk assessment process are not ignored; these cases are either referred to our colleagues at the DWP or referred internally for a visit to be undertaken by officers within the Benefits Service.

Table 5 shows the value of incorrect benefit paid uncovered by the team in 2013-2014 with a comparison in Table 6 for the 2012-2013.

### Table 5 Value of Overpayments 2013-2014



**Table 6 Value of Overpayments 2012-2013**



### Single Fraud Investigation Service

In October 2010, the Government proposed the creation of a Single Fraud Investigation Service (SFIS) to tackle welfare benefit fraud. As part of this, it was proposed that local authority investigation teams would transfer into the DWP. This affects staff who are primarily involved in the investigation of welfare benefit which in the local authority context means Housing Benefit and Council Tax Benefit. The DWP has now informed Peterborough City Council that the date of transfer for our benefit fraud officers will be 1 December 2014. This will mean that Peterborough City Council will remain responsible for the payment of Housing Benefit but will not be required to investigate potential fraudulent Housing Benefit claims nor will we be required to prosecute for Housing Benefit offences as SFIS will carry out these functions. The council will continue to investigate and prosecute Council Tax Support claims which

may be alongside SFIS. A report is being produced to consider the options for the future of the investigation team.

An example of a successful investigation is outlined below:



A benefits customer claimed Housing Benefit, Council Tax Benefit and Income Support on the basis that she was a single parent. Intelligence was received from the UK Border Agency that it was suspected that a partner was also resident.

Through an investigation into his claim, the investigator obtained evidence from a variety of sources including the Police, Border Agency, credit reference and the NHS showing that her partner had been living with her at three different addresses over a two year period.

This resulted in the customer being overpaid benefits totalling more than £23,000. She pleaded guilty to three offences and was sentenced to eight weeks in prison as well as having to repay all of the monies.

## National Fraud Initiative

In January 2013, the Audit Commission released its latest National Fraud Initiative matches in respect of council data, which had been matched against a number of public sector agencies and central and local government. The Compliance Team will continue to work through these matches to identify any irregular claims along with reviewing Council Tax discounts identified as potentially incorrect.

## Blue Badges

The Compliance Team has continued to administer the Blue Badge scheme and 2012-2013 saw the introduction of independent medical assessments to ensure that badges are supplied to those in genuine need. The team has also continued to investigate allegations of Blue Badge misuse and we will prosecute where there is sufficient evidence to do so.

## Electoral Integrity Initiative



The Chief Executive has continued to make it a priority to take strong and effective action to counter electoral fraud in Peterborough. The Compliance Manager (Governance) is a member of the Electoral Commission's Integrity Roundtable and was asked to speak to other local authorities and stakeholders on our corporate approach to electoral integrity which is seen as innovative and effective.

At this year's European and local elections, we continued to build on our strong partnership with Cambridgeshire Constabulary. Through regular meetings and contact, any allegation of an offence was quickly and effectively dealt with. The Compliance Team remains a key component in this approach through its work in proactive visits, data matching, postal voting operations and analysis.

## Other Investigations

A number of other investigations have been undertaken by the team during 2012-2013:

### Disciplinary Cases

Seven cases of alleged disciplinary breaches were investigated which included one investigation carried out on behalf of another local authority. The results of these include dismissals, final written warnings, verbal warnings and resignations.

### Stage 3 Complaint Investigations

Ten cases were referred to the team for investigation. This is a decrease on previous years and reflects a reduction in complaints against the council reaching Stage 3. The team is also involved in the piloting of a two stage complaint which will still require an investigation.

### Member Standards Investigations

A number of internal cases were closed in the year which were initially opened in the previous year. There have been a number of complaints made in the year however none have proceeded to investigation. The team continues to operate under the new standards regime as well as maintaining a service to other councils where required.

The team has again received compliments for its work both internally and externally.

## Information Governance

The team continues to manage Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection responses, both subject access requests and requests for information under the exemptions contained within section 29 of the Data Protection Act.

The council (through the Compliance Team) received and responded to the following requests for information during 2013-2014:

Table 7 Requests received and responded to by Compliance Team 2013-2014

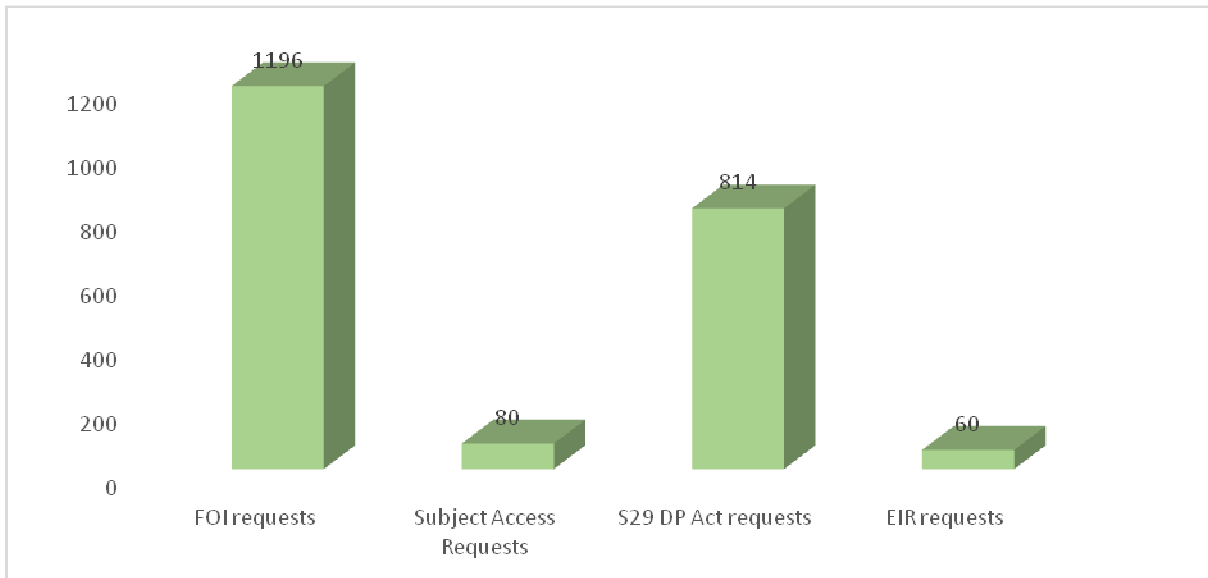
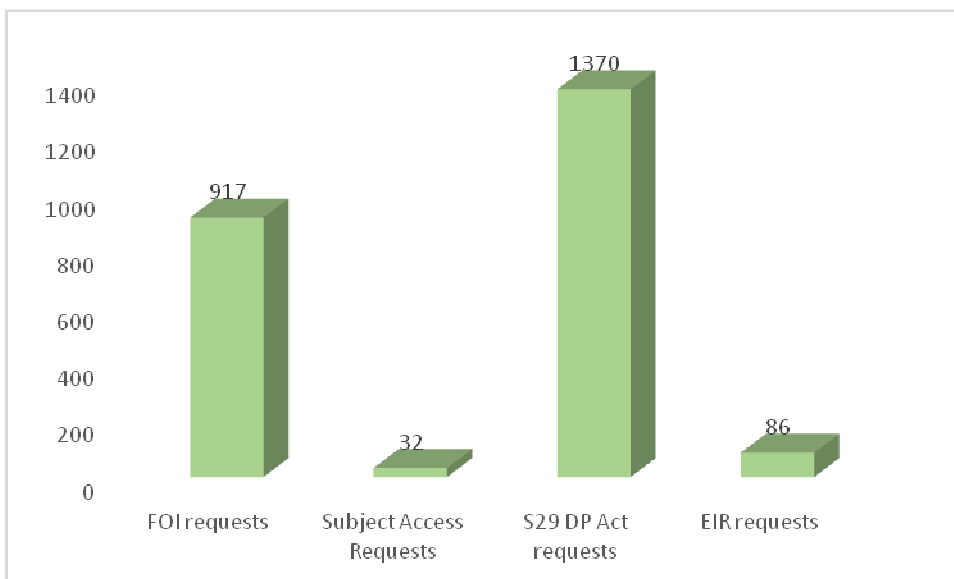


Table 8 Requests received and responded to by Compliance Team 2012-2013



FOI continues to be an ever growing area of work for the team in terms of volume, sensitivity and complexity. There has not only been a rise in the number of FOI requests, but also in subject access requests which have almost tripled within a year.

We are also seeking to deploy a new FOI request management system this coming year which aims to make accessing the FOI service easier and allow customers to see other requests which may answer their own questions.

The team is also leading on data protection and awareness of the council's responsibilities through the Information Governance Group. This group works on improving awareness and data security. Information governance remains a key area for the authority with changes such as the Local Government Transparency Code and the Compliance Team will play a leading role in this.

## Conclusion

Counter fraud activity remains a priority for the council and there continues to a successful approach to dealing with this risk. A challenge this brings will be dealing with the potential transfer of experienced investigators to SFIS and how that will affect our capacity to respond to fraud. The team continues to build upon its robust delivery in a wide variety of areas and continues to build on its knowledge in other areas of fraud such as electoral integrity, social housing and housing applications.

The Information Management function has continued to see an increase in the number of FOI and EIR requests. This has been addressed through a review of the service and additional resources being deployed to tackle the increase in volumes. We will continue to lead on information governance issues to ensure the council is compliant with the necessary legislation.

This page is intentionally left blank